



## HOME WARRANTIES FACT SHEET



### The Home Warranty

A home warranty is a type of service contract that covers repair or replacement of appliances and other systems in a home. It can be worth your while and save you the hassle of having to find your own repair tech or having to replace items yourself. In certain circumstances, however, it may not be worth its cost.

### What does it cost?

"You get what you pay for" is a thought to keep in mind when buying home warranties. Depending on the level of protection you want, you may pay annual premiums ranging from \$250 to \$450 per year, with a service fee of \$50 to \$70 assessed each time a repairman comes out to your home. The warranty company contracts with local technicians who make repairs. If the appliance cannot be repaired, the company may pay for a replacement.

Sometimes, you may not have to pay anything at all for a warranty. For example, when you buy a new home, the seller may supply a home warranty to the buyer as part of the sales package.

### What does a home warranty cover?

Most of the better home warranty companies will cover the following:

*Major appliances:* oven, refrigerator, dishwasher, garbage disposal, trash compactor, microwave, washing machine, clothes dryer, and ceiling fans.

*Heating and cooling systems:* furnaces, air conditioners, heat pumps, and ductwork.

*Plumbing:* indoor pipes and drains, faucets, sprinkler systems, swimming pools and hot tubs.

*Electrical systems:* electrical panels, wiring, garage door openers and door bells.

### What is NOT included in the home warranty?

The most common complaints from consumers regarding their home warranties include:

- (1) failure to cover something that the owner feels should be covered;
- (2) covered and work performed satisfactorily, but with a fee the owner was not expecting;
- (3) unsatisfied with quality of work performed;
- (4) denial of coverage on items the company feels were improperly maintained, improperly installed, or violate local building codes; and
- (5) denial for pre-existing problems in a system with another company's warranty.

### **How do I make a claim under my warranty?**

There is no formality required to report a claim. Initial contact is oral in most cases. If problems arise with this method, then the next step might be to send emails with read receipts. If all else fails, the best way to document repair requests is to put the requests in writing and send them certified mail, return receipt requested in order to protect your rights should the issue ever need to go to court. It is important to keep a record of all correspondence, make copies of the letters you write, and jot down the date and key points from all discussions over the telephone.

If after you have made a formal demand in writing for a specific request and a reasonable amount of time has gone by (usually varies by state, but 14-30 days is typical) no action is taken, arbitration with a forum required in the contract disputes clause will be the next step. Finally, you may be able to sue the company. This process can be lengthy, though.



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